Kentucky Agricultural Development Board

Minutes of the March 17, 2006 Board Meeting

The Monthly Board Meeting of the Kentucky Agricultural Development Board was held on **Friday**, **March 17**, **2006** at **10:00 AM EST**, in the Kentucky Room at Alltech, Inc. in Nicholasville, KY. Michael Judge, presiding, called the meeting to order, and the Secretary called the roll.

Roll Call

Members Present

Donna Amburgey; H. H. Barlow; Danny Case; John Cleaver; Rodney Dick; Commissioner Richie Farmer (Michael Judge, designee); Dennis Griffin; Wayne Hunt; Sam Lawson; Jim Mahan; Sam Moore; Dean M. Scott Smith (Jimmy Henning, designee); Secretary Gene Strong (Don Goodin, designee)

Members Absent

Vickie Yates Brown, Governor Ernie Fletcher

Others Present

Staff - Catherine Ball, Angela Blank, David Bratcher, Brian Furnish, Tim Hughes, Christi Marksbury, Bill McCloskey, Joel Neaveill, Keith Rogers, Nick Whobrey, Jessica Woolums

Guests – Holly Wiemers, UK College of Agriculture; Jeremy Hinton, Hinton's Orchard; Stewart Hughes, Scott County Agricultural Development Board; Mark Reese, Scott County Cooperative Extension; J. Todd Allen, Maple Hill Manor; Quinn Bowles, LanMark Farm; Lynette Freitag, LanMark Farm; Ben Abell, Community Farm Alliance

Tour

The Board recessed and took a tour of Alltech's facilities.

Presentation

The Board reconvened and Mr. Judge turned the meeting over to Dr. Pearse Lyons for a presentation.

Notification of Media

Mr. Judge received verification from Keith L. Rogers, Chief Executive Officer, that the media had received notice regarding the Agricultural Development Board monthly board meeting.

Welcome

Mr. Judge welcomed everyone to the Agricultural Development Board meeting at Alltech, Inc.

Approval of Minutes

Daniel Case moved to approve the minutes of the February 17, 2006 meeting as presented: Rodney Dick seconded the motion. The motion passed without dissent

New Business

Referral of April Projects¹

Mr. Rogers presented projects A2006-0033 to A2006-0086 for referral to the Board's April meeting for review. Sam Moore moved that projects A2006-0033 To A2006-0086 be referred for April review; Jimmy Henning seconded the motion. The motion passed without dissent.

Approval of Model Programs²

Mr. Rogers submitted projects requesting funds for county model programs. Dr. Henning moved that said applications be approved for the named model programs; Donna Amburgey seconded the motion. The motion passed without dissent.

Requested Amendments and Withdrawals³⁴

- Mr. Rogers presented four requested amendments and one requested withdrawal for approval.

 Mr. Case moved that said amendments and withdrawals be approved; John Cleaver seconded the motion. The motion passed without dissent.
- Nick Whobrey presented the Owen County 4-H amendment for approval. The Owen County 4-H requested to amend their agreement to allow for a second year's funding. This request comes with a high priority from the Owen County Council. The amount requested is \$35,864. (Memo on file with Board Secretary)
 - Sam Lawson moved that the said amendment be approved; Wayne Hunt seconded the motion. The motion passed without dissent.
- Bill McCloskey presented the Kentucky Dairy Development Council (KDDC) amendment for approval. The KDDC requested an extension on filing their comprehensive plan until April 21, 2006, at which time the KDDC will make a formal presentation to the Agricultural Development Board. (Memo on file with Board Secretary)
 - Mr. Cleaver moved that the said amendment be approved; Jim Mahan seconded the motion. The motion passed without dissent.
- Brian Furnish presented the Cattle Genetics Improvement Model Program amendment for approval. The Board suspends the requirement that a producer application must be submitted prior to the purchase of a bull in the Cattle Genetics Improvement Model Program for the period of January 1, 2006 through June 30, 2006. The policy will resume for applications on July 1, 2006. (Memo on file with Board Secretary)
 - Mr. Cleaver moved that the said amendment be approved; Mrs. Amburgey seconded the motion. The motion passed without dissent.

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

³ A detailed list of requested amendments approved is attached as Appendix C.

⁴ A detailed list of requested withdrawals approved is attached as Appendix D.

- Mr. Furnish presented the Kentucky Highlands Investment Corporation amendment for approval. The Kentucky Highlands Investment Corporation requested to amend their original budget, which does not involve any addition or reduction in their funding. (Memo on file with Board Secretary)
 - Dr. Henning moved that the said amendment be approved; Don Goodin seconded the motion. The motion passed without dissent.

Recommendations for Funding

- Mr. Furnish presented the following Agritourism Competitive Awards Program applicants to the Board:
- A2005-0450, Bed and Breakfast Association of Kentucky Inc. The Bed and Breakfast Association requests \$15,000 in State funds as part of the 2006 Agri-tourism Competitive Awards Program funds to develop a Kentucky Farm Stays Program to promote and market Agri-tourism businesses that provide overnight lodging as part of an agriculture experience. Mr. McCloskey reviewed the proposed terms and conditions for the project.
- A2005-0451, Central Kentucky Agritourism Association, Inc. The Central Kentucky Agritourism Association requests \$10,000 in State funds as part of the 2006 Agri-tourism Competitive Awards Program funds to market and promote agri-tourism activities in Central Kentucky. Mr. McCloskey reviewed the proposed terms and conditions for the project.
- **A2005-0452, Maple Hill Manor Enterprises, Inc.** Maple Hill Manor requests \$50,000 in State funds as part of the 2006 Agri-tourism Competitive Awards Program funds to construct an Agritourism Fiber Education and Marketing Center that will be used to provide educational programs, expand production capabilities an retial opportunies for fiber produced by Alpacas, Llamas, and sheep producers in Kentucky. Mr. McCloskey reviewed the proposed terms and conditions for the project.
- **A2006-0020, Elk Creek Vineyards.** Elk Creek Vineyards requests \$50,000 in State funds as part of the 2006 Agri-tourism Competitive Awards Program funds to produce Kentucky made wine, from Kentucky grown fruit, of the highest quality possible. Mr. Whobrey reviewed the proposed terms and conditions for the project.
- **A2006-0021, Lan Mark Farm.** Lan Mark Farm requests \$50,000 in State funds as part of the 2006 Agri-tourism Competitive Awards Program funds to construct a retail shop building to sell Kentucky products. Mr. Whobrey reviewed the proposed terms and conditions for the project.
- A2006-0022, Tommy Bennett Orchard, LLC. Tommy Bennett Orchard requests \$50,000 in State funds as part of the 2006 Agri-tourism Competitive Awards Program funds to construct a market and processing building including a commercial kitchen, marketing expenses, and the purchase of grading and processing equipment and development of recreational areas. Mr. McCloskey reviewed the proposed terms and conditions for the project.
 - Mr. Lawson moved that the Agri-tourism Competitive Awards Program projects **A2005-4050** through **A2006-0022** be approved for for the requested individual said amounts; Mr. Mahan seconded the motion. The motion passed without dissent.

- Mr. Furnish presented **A2006-0004**, **Scott County Beef Improvement Association**, **Inc.** The Scott County Beef Improvement Association requests \$100,000 of Scott County funds to administer a cost-share program which will assist tenant farmers with agricultural equipment purchases. Mr. Furnish reviewed the proposed terms and conditions for the project.
 - Mr. Cleaver moved that **A2006-0004 be approved for \$100,000 in Scott County funds**; Mr. Mahan seconded the motion. The motion passed without dissent.
- Tim Hughes presented **A2006-0031**, **Kentucky Agricultural Finance Corporation**. The Kentucky Agricultural Finance Corporation requests \$3,000,000 of State funds for the development of a Coordinated Value-added Assistance Loan Fund program that compliments the existing lending opportunities available through the Farm Service Agency, commercial banks and lenders within the Farm Credit System. Mr. Yates reviewed the proposed terms and conditions for the project.
 - Mr. Dick moved that **A2006-0031 be approved for \$3,000,000 in State funds**; Mr. Cleaver seconded the motion. Questions were called for. Mr. Lawson moved to table project **A2006-0031** to the April Agricultural Development Board meeting; Dennis Griffin seconded the motion. The motion passed without dissent.

Due to the discussion of the projects, the Board requested Mr. Rogers to give an update of the current legislative session and the budget. Mr. Rogers reported that at the current time the budget had not yet been determined and the status of the Agricultural Development Funds were still in not known. More details would be available at the April Agricultural Development Board meeting.

- Mr. Hughes presented **A2006-0032**, **Kentucky Agricultural Finance Corporation**. The Kentucky Agricultural Finance Corporation requests \$5,000,000 of State funds to develop a Beginning Farmer Loan Program that complements the existing lending opportunities available through the Farm Service Agency, commercial banks and lenders within the Farm Credit System. Mr. Yates reviewed the proposed terms and conditions for the project.
 - H. H. Barlow moved that **A2006-0032 be approved for \$2,000,000 in State funds** and pending the additional \$3,000,000 until the April Agricultural Development Board meeting; Mr. Mahan seconded the motion. The motion passed without dissent.

Recommendations for No Funding

- Nick Whobrey presented **A2006-0016**, **Carlisle County Conservation District**. The Carlisle County Conservation District requests \$5,250 in Carlisle County funds to administer a shade-cloth cost-share program. Mr. Whobrey reviewed the proposed terms and conditions for the project.
 - Mr. Case moved that **A2006-0016 be denied** due to the Board's recent actions to deny the use of county funds in support of tobacco production; Mr. Dick seconded the motion.

A roll call vote was called. Donna Amburgey - Yes; H. H. Barlow - No; Danny Case - Yes; John Cleaver - Yes; Rodney Dick - Yes; Dennis Griffin - Yes; Wayne Hunt - No; Sam Lawson - Yes; Jim Mahan - No; Sam Moore - No; Jimmy Henning - No; Don Goodin - Yes The motion passed (7/5)

Recommendations for Pending

The following applications were discussed, but no action was taken: Cave Run Resort and Stable (A2005-0453); Gateway Resource Conservation Development (A2006-0019); Alley Farms (A2006-0023); Mandolin Farms Bluegrass Festival (A2006-0029); and Mt. Sterling-Montgomery County Industrial Authority (A2006-0030).

Executive Director's Report

Mr. Rogers gave an update on Stephen Yates. Mr. Yates had a stroke and his target date to return to work is April 10th. He is doing well and continuing to improve.

Mr. Rogers welcomed Mr. Mahan back after knee surgery last month and wished Mr. Moore well in his upcoming knee surgery.

Mr. Rogers gave a brief update on the Clinton County situation. Mark Garner and Gordon Shearer plead guilty on all accounts. They must pay back the money and both received sentences.

Mr. Rogers updated the Board on the Tobacco Oversight Committee which was held on March 14, 2006. There was a cooperative update given. Senator Boswell wanted to thank the Agricultural Development Board for their work with the West Kentucky Growers Cooperative and bringing the situation to a close in a timely manner.

Old Business

Mr. Judge made the motion to adjourn into closed session pursuant to KRS 61.810 (c) to discuss "proposed litigation with West Kentucky Growers Cooperative, Kentucky West Nursery Cooperative and Green River Produce Marketing Cooperative."; Mr. Goodin seconded the motion. The motion passed without dissent.

The Board went into **Closed Session** to discuss potential litigtation related to the West Kentucky Growers Cooperative.

The Board returned to Open Session and the following actions were taken:

West Kentucky Growers Cooperative

Mr. Lawson moved that in the event a loan or forgivable loan is in default with the Agricultural Development Board, the loan will be assigned to the Kentucky Agricultural Finance Corporation; Mr. Dick seconded the motion. The motion passed without dissent.

Kentucky West Nursery Cooperative

Mr. Hunt moved that in the dissolution plan presented by the Kentucky West Nursery Cooperative (KWNC), they asked for an opportunity for the members to refinance existing obligations. Based upon this request and information received, GOAP staff recommends that the Agricultural Development Board offer a financing program for the grower members of the KWNC to take ownership of the trees under their control. Members would also have the opportunity to refinance the debt they currently owe the cooperative with a loan through the ADB. It is understood that this program will provide no additional funds to the grower/members of KWNC, but is simply a means to transfer the grower/members debt to the KWNC to the individual grower/member. Applicants must submit a completed application for financing to the GOAP by April 1, 2006. GOAP staff will evaluate the applications and present them with recommendations to the Access to Capital

Committee of the ADB on or before April 21, 2006. This committee will have authority to approve or deny a financing plan for each applicant that includes the following criteria:

- 1. Applicants can finance no more than their liability to and on behalf of the cooperative.
 - a. The Executive Director of the ADB will have the authority to determine the amount to be financed after evaluation of the application, consultation with the management of KWNC, and review of the financial records of KWNC.
 - b. The debt/equity plan provided to the ADB by KWNC will be used as the baseline for the potential loan amount. These numbers will be adjusted for business activity between the October 11, 2005 date and the revised calculations as of February 22, 2006.
- 2. A repayment plan will be established for each applicant that takes into consideration the expected marketing date for the trees which will not exceed 5 years.
- 3. The interest rate will be fixed at 9% for the life of the loan. Interest will begin to accrue on July 1, 2006. There will be no penalty for early repayment.
- 4. The Access to Capital Committee of the ADB has the authority to approve or deny any or all loan applications if sufficient collateral can not be provided to secure the loan or if the applicant's repayment ability is determined to be deficient.
- 5. All applicants will be notified by mail of their acceptance or denial status no later than May 1, 2006. The amount to be financed will also be confirmed through this notification.

Mr. Barlow seconded the motion. The motion passed without dissent.

Green River Produce Marketing Cooperative

Mr. Moore moved that the Executive Director has the authority to fully exercise the rights spelled out by the loan agreement between the Agricultural Development Board and the Green River Produce Marketing Cooperative; Mr. Goodin seconded the motion. The motion passed without dissent.

Central Kentucky Growers Cooperative

There was no action taken on Central Kentucky Growers Cooperative.

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene at 10:00 AM on Friday, April 21, 2006 at the Fayette County Extension Office in Lexington, KY. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

Mr. Barlow moved to adjourn the meeting; Mrs. Amburgey seconded he motion. The motion passed without dissent. The meeting was respectfully adjourned at 4:03 PM EST.

APPROVED:		
PRESIDING OFFICER:	 	
SECRETARY:	 	_

New Applications for Referral

App #	Applicant	Request Type
A2006-0033	Bourbon County Fiscal Court	Agricultural Diversification
A2006-0034	Bourbon County Fiscal Court	Cattle Handling Facilities
A2006-0035	Harrison County Beef Cattle Association, Inc.	Goat Diversification
A2006-0036	Harrison County Beef Cattle Association, Inc.	Forage Improvement & Utilization
A2006-0037	Harrison County Beef Cattle Association, Inc.	Agricultural Diversification
A2006-0038	Harrison County Beef Cattle Association, Inc.	Cattle Genetics Improvement
A2006-0039	Harrison County Beef Cattle Association, Inc.	Cattle Handling Facilities
A2006-0040	Laurel County Cattlemen's Association, Inc.	Goat Diversification
A2006-0041	Laurel County Cattlemen's Association, Inc.	Farm Livestock Fencing Improvement
A2006-0042	Laurel County Cattlemen's Association, Inc.	Cattle Genetics Improvement
A2006-0043	Ohio County Cattlemen's Association, Inc.	Shared-use Equipment
A2006-0044	Christian County Conservation District	Hay, Straw, & Commodity Storage
A2006-0045	Christian County Conservation District	Forage Improvement & Utilization
A2006-0046	Grayson County Cattlemen's Association, Inc.	Hay, Straw, & Commodity Storage
A2006-0047	Owsley County Conservation District	Hay, Straw, & Commodity Storage
A2006-0048	Owsley County Conservation District	Farm Livestock Fencing Improvement
A2006-0049	Owsley County Conservation District	Forage Improvement & Utilization
A2006-0050	Owsley County Conservation District	Cattle Genetics Improvement
A2006-0051	Russell County Cattlemen's Association	Shared-use Equipment
A2006-0052	Russell County Cattlemen's Association, Inc.	Shared-use Equipment
A2006-0053	Russell County Cattlemen's Association	Shared-use Equipment
A2006-0054	Whitley County Cattlemen's Association, Inc.	Forage Improvement & Utilization

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New Applications for Referral

App#	Applicant	Request Type
A2006-0055	Beef Improvement Council, Inc.	Cattle Genetics Improvement
A2006-0056	Clark County Livestock-Forage Council, Inc.	Cattle Genetics Improvement
A2006-0057	Clark County Conservation District	Forage Improvement & Utilization
A2006-0058	Henry County Cattlemen's Association, Inc.	Project
A2006-0059	Scott County Beef Improvement Association, Inc.	Hay, Straw, & Commodity Storage
A2006-0060	Scott County Beef Improvement Association, Inc.	Goat Diversification
A2006-0061	Scott County Beef Improvement Association, Inc.	Farm Livestock Fencing Improvement
A2006-0062	Scott County Beef Improvement Association, Inc.	On-farm Water Enhancement
A2006-0063	Scott County Beef Improvement Association, Inc.	Technology
A2006-0064	Scott County Beef Improvement Association, Inc.	Timber Production, Marketing & Utilization
A2006-0065	Scott County Beef Improvement Association, Inc.	Cattle Genetics Improvement
A2006-0066	Scott County Beef Improvement Association, Inc.	Cattle Handling Facilities
A2006-0067	Scott County Beef Improvement Association, Inc.	Agricultural Diversification
A2006-0068	Scott County Beef Improvement Association, Inc.	Forage Improvement & Utilization
A2006-0069	Madison County Beef Cattle Association, Inc.	Cattle Handling Facilities
A2006-0070	Madison County Beef Cattle Association, Inc.	Cattle Genetics Improvement
A2006-0071	Madison County Beef Cattle Association, Inc.	Forage Improvement & Utilization
A2006-0072	Madison County Farm Bureau, Inc. of Madison County, Kentucky	Farm Livestock Fencing Improvement
A2006-0073	Madison County Farm Bureau, Inc. of Madison County, Kentucky	Hay, Straw, & Commodity Storage
A2006-0074	Madison County Farm Bureau, Inc. of Madison County, Kentucky	Agricultural Diversification
A2006-0075	Madison County Farm Bureau, Inc. of Madison County, Kentucky	Technology
A2006-0076	Madison County Conservation District	Forage Improvement & Utilization

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New Applications for Referral

App #	Applicant	Request Type
A2006-0077	Lincoln County Livestock Improvement Cooperative Association, Inc.	Hay, Straw, & Commodity Storage
A2006-0078	Lincoln County Livestock Improvement Cooperative Associaiton, Inc.	Dairy Diversification
A2006-0079	Lincoln County Livestock Improvement Cooperative Association, Inc.	Forage Improvement & Utilization
A2006-0080	Lincoln County Livestock Improvement Cooperative Association, Inc.	Cattle Genetics Improvement
A2006-0081	Lincoln County Livestock Improvement Cooperative Association, Inc.	Cattle Genetics Improvement
A2006-0082	Lincoln County Farm Bureau of Lincoln County, Kentucky	Forage Improvement & Utilization
A2006-0083	Livingston County Conservation District	Project
A2006-0084	Spencer County Public Schools	Project
A2006-0085	Mountain Cattlemen's Association	Project
A2006-0086	Katelyn's Honey, Inc.	Project

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Model Programs Recommended for Approval

<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2006-0033	Bourbon County Fiscal Court	Bourbon	\$25,145.00
A2006-0037	Harrison County Beef Cattle Association, Inc.	Harrison	\$14,000.00
			\$39,145.00
Cattle Genetic	s Improvement		
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2006-0055	Beef Improvement Council, Inc.	Breckinridge	\$50,000.00
A2006-0056	Clark County Livestock-Forage Council, Inc.	Clark	\$50,000.00
A2006-0038	Harrison County Beef Cattle Association, Inc.	Harrison	\$34,000.00
A2006-0050	Owsley County Conservation District	Owsley	\$26,250.00
			\$160,250.00
Cattle Handlir	ng Facilities		
<u>Application</u>	Program Administrator	County	Funds Requested
A2006-0034	Bourbon County Fiscal Court	Bourbon	\$46,000.0
A2006-0039	Harrison County Beef Cattle Association, Inc.	Harrison	\$40,000.0
			\$86,000.00
arm Livesto	ck Fencing Improvement		
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2006-0048	Owsley County Conservation District	Owsley	\$78,750.00
			\$78,750.00
orage Impro	vement & Utilization		
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2006-0045	Christian County Conservation District	Christian	\$50,000.00
A2006-0057	Clark County Conservation District	Clark	\$59,000.00
A2006-0036	Harrison County Beef Cattle Association, Inc.	Harrison	\$19,000.00
A2006-0049	Owsley County Conservation District	Owsley	\$52,500.00
A2006-0054	Whitley County Cattlemen's Association, Inc.	Whitley	\$27,849.0
			\$208,349.00
Goat Diversifi	cation		
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2006-0035	Harrison County Beef Cattle Association, Inc.	Harrison	\$5,000.00
			\$5,000.00

Model Programs Recommended for Approval

Hay, Straw, & Commodity Storage			
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2006-0044	Christian County Conservation District	Christian	\$100,000.00
A2006-0046	Grayson County Cattlemen's Association, Inc.	Grayson	\$10,000.00
A2006-0047	Owsley County Conservation District	Owsley	\$105,000.00
			\$215.000.00

Shared-use Equipment			
<u>Application</u>	Program Administrator	<u>County</u>	Funds Requested
A2006-0043	Ohio County Cattlemen's Association, Inc.	Ohio	\$4,255.00
A2006-0052	Russell County Cattlemen's Association, Inc.	Russell	\$6,250.00
A2006-0053	Russell County Cattlemen's Association	Russell	\$9,685.00
A2006-0051	Russell County Cattlemen's Association	Russell	\$10,211.00
			\$30,401.00

Total County Funds Recommended for Approval in Model Programs: \$822,895.00

APPENDIX C: Requested Amendments

App # A2005-0103

Applicant Name Lincoln County Livestock Improvement Cooperative

Association Inc.

Amount Approved

Date

\$25,000.00 May 20, 2005

Requested Change The applicant requests an additional \$15,600.00 for the *Cattle*

Genetics Improvement Program. The request received a High priority from the Lincoln County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the

program total to \$40,600.00.

Recommendation Approval

App# A2005-0107

Applicant Name Amount Approved

Date

Lincoln County Farm Bureau of Lincoln County, Kentucky

\$20,000.00 May 20, 2005

Requested Change The applicant requests an <u>additional</u> \$24,000.00 for the *Forage*

Improvement & Utilization Program. The request received a High priority from the Lincoln County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the

program total to \$44,000.00.

Recommendation Approval

App# A2005-0216

Applicant Name Ohio County Cattleman's Association, Inc.

Amount Approved

Date

\$35,000.00 May 20, 2005

Requested Change The applicant requests an <u>additional</u> \$14,000.00 for the *Cattle*

Handling Facilities Program. The request received a High priority from the Ohio County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program

total to \$49,000.00.

Recommendation Approval

App# A2005-0285

Applicant Name Wayne County Cattleman's Association

Amount Approved \$40,000.00

Date June 17, 2005

Requested Change The applicant requests an additional \$41,300.00 for the

Cattle Handling Facilities Program. The request received a High priority from the Wayne County Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the

program total to \$81,300.00.

Recommendation Approval

APPENDIX D: Requested Withdrawals

App# A2005-0546

Applicant Name LaRue County Beef Cattle Association

Date January 20, 2006

Requested Change The applicant requests to withdraw this project from

pending status.

Recommendation Approval